

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Mark Acton, Vice Chairman;  
Tony Hammond; and  
Nanci E. Langley

Competitive Product Prices  
GEPS 3 (MC2010-28)  
Negotiated Service Agreements

Docket No. CP2016-153

ORDER APPROVING MODIFICATION TWO TO GEPS 3  
NEGOTIATED SERVICE AGREEMENT

(Issued July 13, 2017)

I. INTRODUCTION

The Postal Service seeks to modify a GEPS 3 negotiated service agreement.<sup>1</sup>  
For the reasons discussed below, the Commission approves the Modification.

In Order No. 3261, the Commission approved the GEPS 3 negotiated service agreement (Existing Agreement).<sup>2</sup> On July 12, 2017, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.

---

<sup>1</sup> Notice of the United States Postal Service of Filing Modification Two to Global Expedited Package Services 3 Negotiated Service Agreement, July 12, 2017 (Notice). The modification is an attachment to the Notice (Modification).

<sup>2</sup> See Order Approving Additional Global Expedited Package Services 3 Negotiated Service Agreement, April 26, 2016 (Order No. 3261). The contract was later modified. See Order No. 3852, Order Approving Modification to Global Expedited Package Services 3 Negotiated Service Agreement, April 14, 2017.

## II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement expires July 31, 2017. Notice at 1. The Modification extends the term of the Existing Agreement until August 31, 2017. *Id.*

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

*Other considerations.* If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

## III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the GEPS 3 negotiated service agreement, as modified.

2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Ruth Ann Abrams  
Acting Secretary